Maricopa County FY 2015 Tentative Budget

May 19, 2014
Sandi Wilson, Deputy County Manager
Brian Hushek, Deputy Budget Director
Cynthia Goelz, Deputy Budget Director



Executive Summary



Steve Chucri District 2 Supervisor

Andy Kunasek District 3 Supervisor Mary Rose Wilcox District 5 Supervisor Clint I

Clint Hickman District 4 Supervisor Denny Barney
District 1 Supervisor
Board Chairman



FY 2015 Tentative Budget Overview



2014 vs. 2015



Adopted to Revised Budget

(millions)

Adopted Budget: \$2,208.5

Grants Countywide 11.2

REVISED BUDGET: \$2,219.7

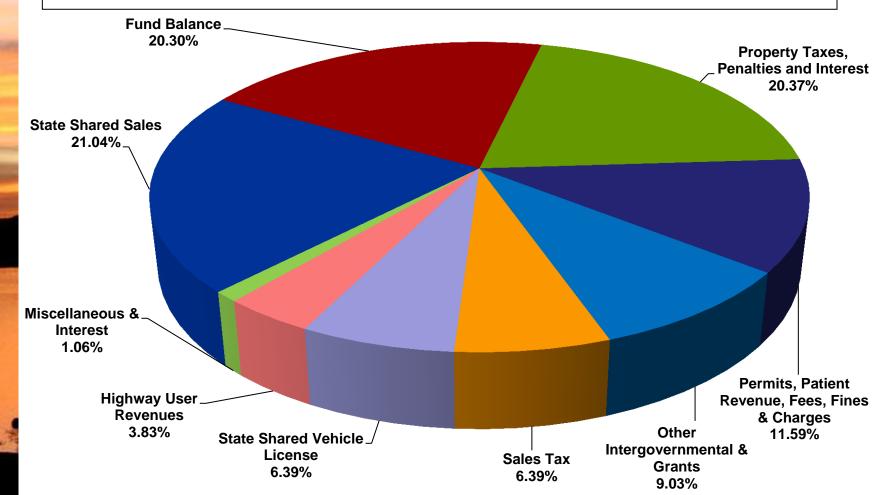
Revised Budget includes adjustments approved by the Board throughout the fiscal year.



FY 2015 Net Variance to the FY 2014 Revised Budget (millions)

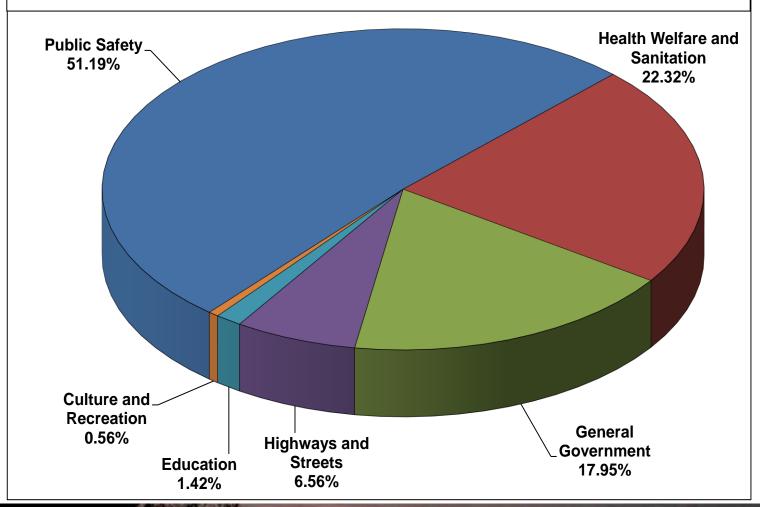
		FY 2014 Revised	FY 2015 Tentative	(Increase)/ Decrease
	Total County	\$2,219.7	\$2,211.1	\$8.6
	Total Operating	1,648.9	1,712.9	(64.0)
200	Total Non Recurring	570.8	498.2	72.6
	Total General Fund	1,288.6	1,253.6	35.0
	General Fund Operating	1,056.4	1,123.2	(66.8)
	General Fund Non Recurring	232.2	130.4	5 101.8

FY 2015 Tentative Budget Sources of Funds: \$2,211,128,982





FY 2015 Tentative Budget Uses of Funds: \$2,211,128,982





Budget Guidelines and Priorities

- Adopted by the Board of Supervisors on January 27, 2014
- Five Departments completed a Zerobased Budget Process
 - Maricopa County Attorney's Office
 - Public Defense Services
 - Justice Courts
 - Office of Enterprise Technology
 - Human Services



Budget Guidelines and Priorities

- Develop a sustainable, structurally-balanced budget
- All departments must submit within their threshold
- Requests for new funding must be approved by BOS
- ZBB departments will complete decision packages
- The base budget will restore operating contingency
- No new capital or technology will be reviewed until reserves decisions are made



Strategic Priority Fiscal Strength & Responsibility

Maricopa County will continue to efficiently manage County resources and engage in effective fiscal planning with integrity and transparency to promote financial stability and economic prosperity for Maricopa County residents.

- By the end of FY 2018, 100% of all County funds will obtain structural balance.
- By the end of FY 2019, Maricopa County's General Fund Operating reserves will equal two months of operating expenditures.

Structurally Balanced Budget

Definition: Reoccurring revenues meet or exceed reoccurring expenditures over the economic cycle





CIP Projects Awaiting Funding

- Animal Care & Control Southeast & West
- Adult Probation Black Canyon, Northport, Southport & Buckeye
- Emergency Operations Center
- Additional Downtown Land Acquisitions
- New Building to Replace Leased Facilities
- Parking Garage for New Building
- Durango Campus Drainage Solution
- Durango Campus FCI Corrections
- Extended Cooling Loop at Durango
- Plaza Demolition/Remodel/ Redesign/FAJD
- APS Power to Buckeye Hills Range and Shoot House

- MASH Unit Relocation
- Security at Buckeye Hills
- K9 Kennels
- Chambers Interior Remodel
- Procurement Build out
- Vulture Mountain
- Juvenile Court Building Demolition
- Video Court Relocation
- Courts Master Plan
- Jails Master Plan
- Network Architecture & Optimization
- Constituent Relationship Mgmt System
- Enterprise On-Base Document Mgmt
- OET 10-Yr Equipment Refresh
- Jail Security & Surveillance Refresh

Over \$1.2 Billion of unfunded projects

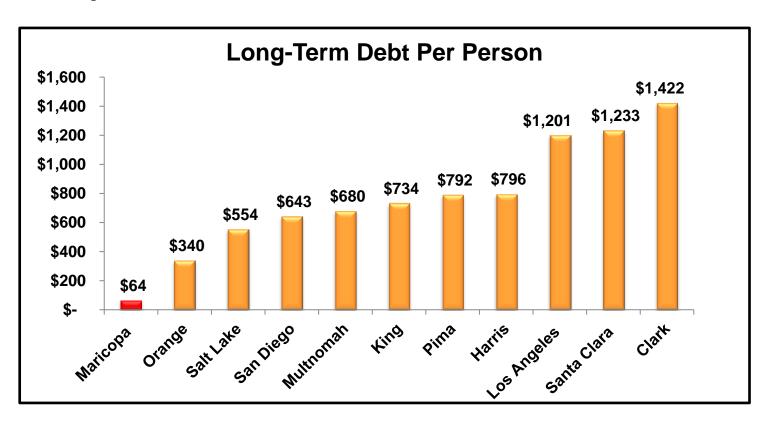


Master Plans

- Courts Master Plan
 - Study conducted by Archetikton, Steinmann Facility
 Development Consultants and Dr. Dan Straub
 - Projected cost of \$210-239 Million
- Jails Master Plan
 - Study conducted by Arrington Watkins Architects
 - Projected cost of \$587-617 Million
- Operating cost unknown at this time
- No funding source identified for capital/operating cost
- Impact on Expenditure Limitation



FY 2013 Long-Term Debt Per Person Comparison To National Benchmarks



Source: Maricopa County LTD for Governmental Activities "Note 12 – Long Term Liabilities", (Benchmark CAFRs & Internal Audit Analysis)



Strategic Financial Goals

Goal: By the end of FY 2018, 100% of all County funds will obtain structural balance.

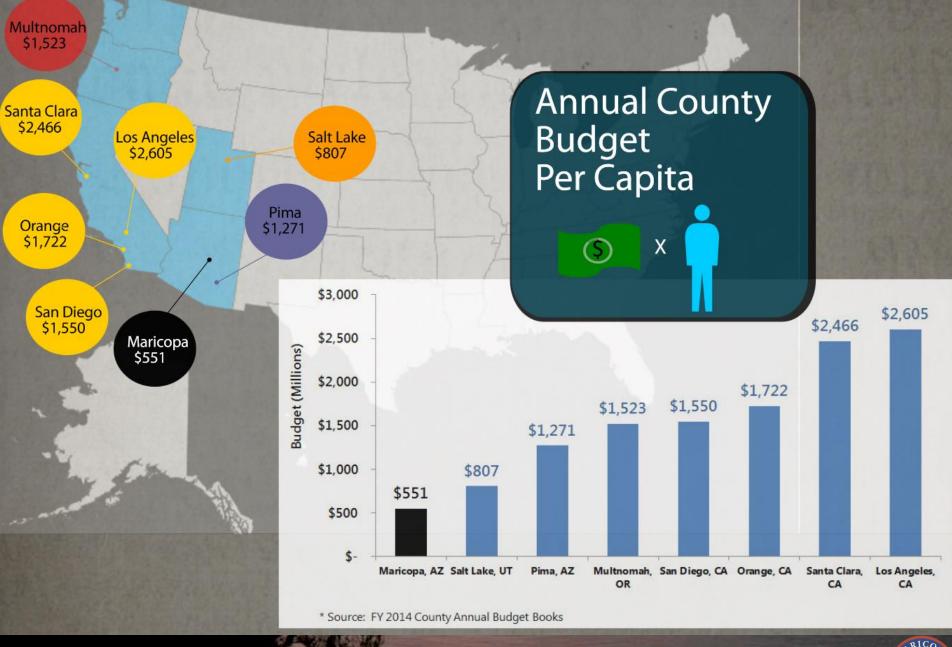
Result: In FY 2015, 18 of the 115 appropriated funds have operating expenditures which exceed operating revenues.

- 7 ISF budgets include the planned spend down of reserves.
- 11 funds are using fund balance to support on-going operations.
 The largest example of this is the Detention Fund (255) which has a structural deficit of just under \$10 million.

Goal: By the end of FY 2019, Maricopa County's General Fund Operating reserves will equal two months of operating expenditures.

Result: With the addition of almost \$60 million to reserves, General Fund Operating reserves will equal 1.65 months of operating expenditures in FY 2015.







Revenue Trends



Econometric Perspective

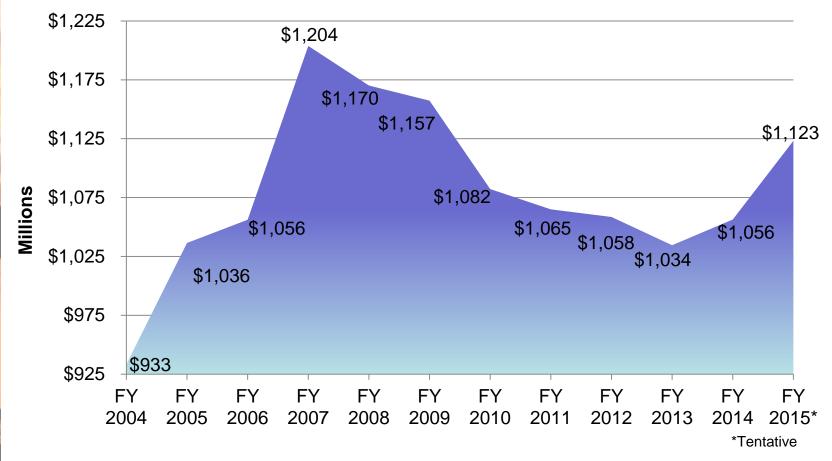
"The County's forecast continues to be based on both optimism and caution. The recent trend of slow growth is still the most likely scenario going forward."

Elliott D. Pollack and Company
April 2014



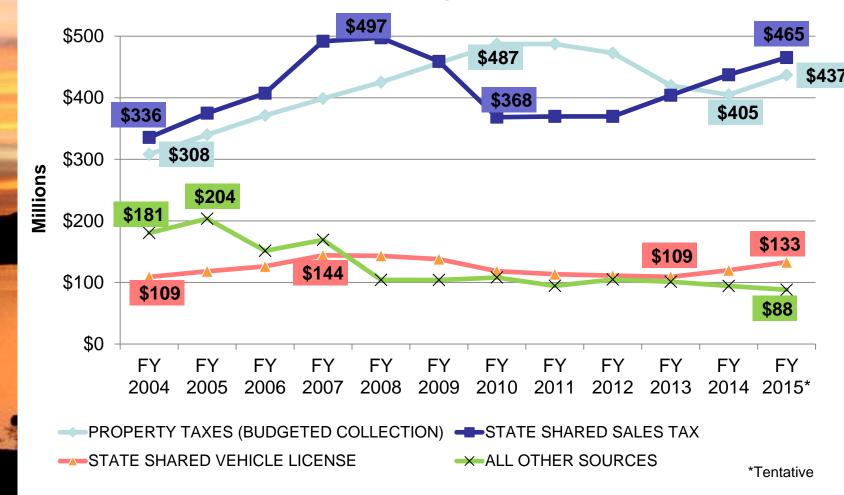


Adopted General Fund Operating Sources

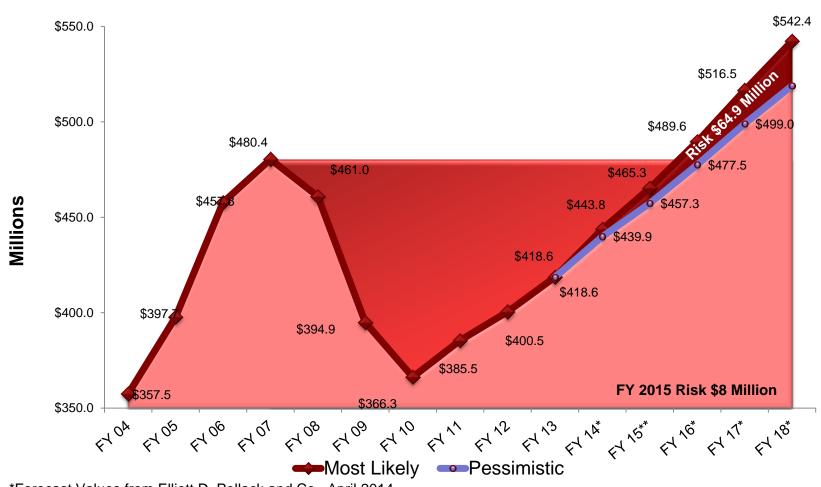




Adopted General Fund Operating Sources



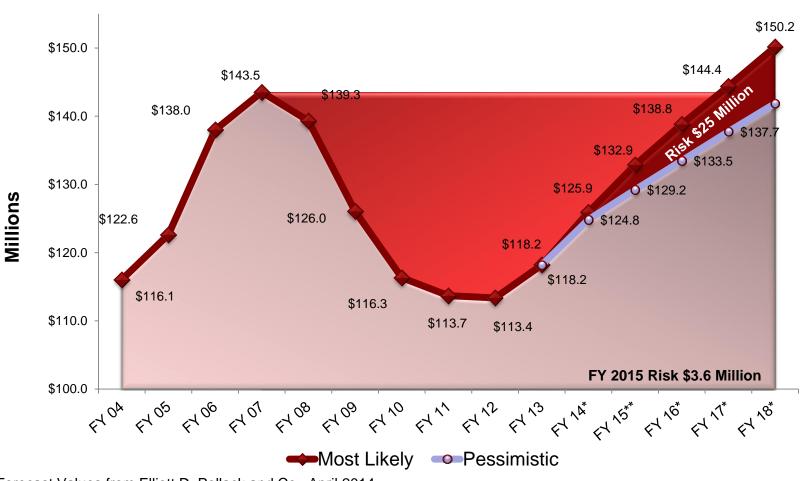
State Shared Sales Tax



^{*}Forecast Values from Elliott D. Pollack and Co., April 2014

^{**} Tentative Budget

Vehicle License Tax

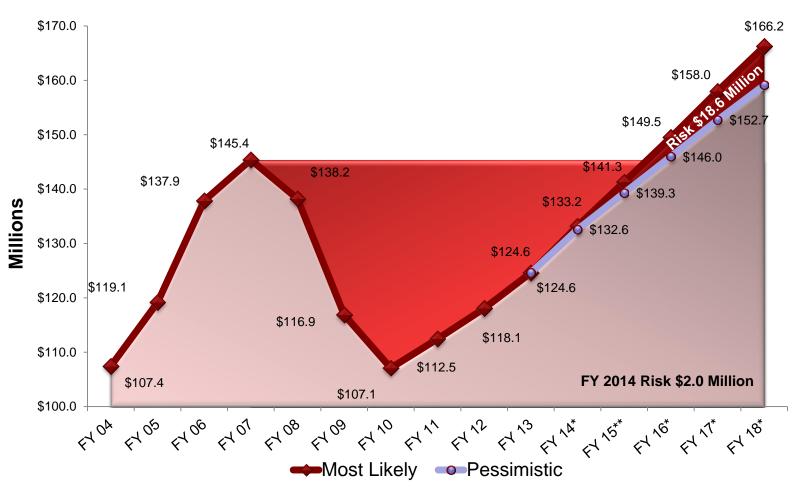


^{*}Forecast Values from Elliott D. Pollack and Co., April 2014



^{**} Tentative Budget

Jail Excise Tax



^{*}Forecast Values from Elliott D. Pollack and Co., April 2014

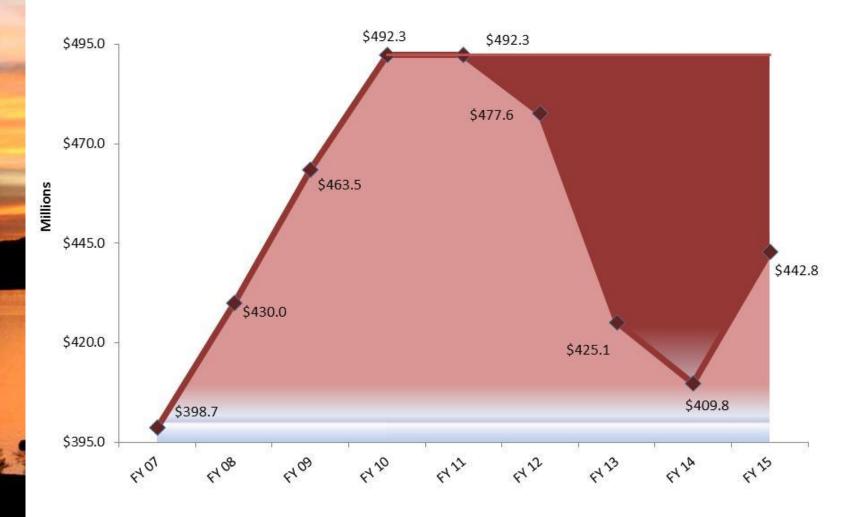


^{**} Tentative Budget

Property Taxes



Primary Property Tax History



Prop 117

- Effective for FY 2016
- Single valuation source for all taxes
 - No longer will have secondary valuations for taxing purposes
- Appreciation limited to the lesser of actual growth or 5%
- Economic growth will no longer influence net assessed values to the extent experienced in the past

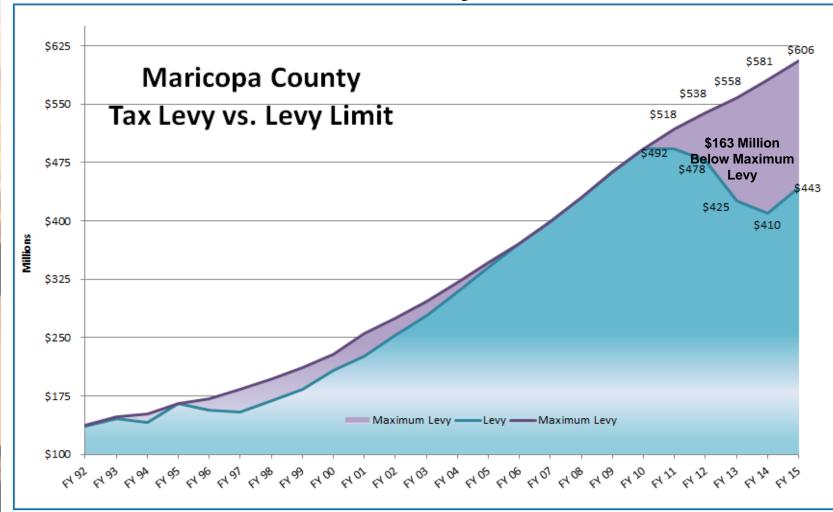


Maximum Levy

FY 2015 PRIMARY PROPERTY TAX LEVY vs. LEVY LIMIT				
FY 2015 Adjusted Allowable Levy Limit Maximum Tax Rate (per \$100 Assessed Value)	\$ 605,635,662 1.8068			
FY 2015 Primary Levy (excluding SRP) Primary Tax Rate (per \$100 Assessed Value)	\$ 442,762,977 1.3209			
Amount Under Limit:	\$ 162,872,685 0.4859	26.9%		



Maximum Levy vs. Actual







Strategic Priority Growth & Economic Development

Maricopa County will be innovative in leveraging its resources, adaptive in its regulatory policies and practices, and proactive in its public relations to attract, promote, and support the growth of business enterprises to produce a vibrant and balanced regional economy.

- By 2018, 90% of regulated entities indicate they are satisfied or more than satisfied with their interactions with Maricopa County's regulating agencies (as measured by customer satisfaction surveys).
- By 2018, 80% of participants completing workforce development training that obtain a job and remain employed after 6 months.



Recovery Detail

- Consumer debt is low and net worth is improving with real income growth
- Low inflation
- Federal Government policy still expansive
- Housing prices rebounding slightly

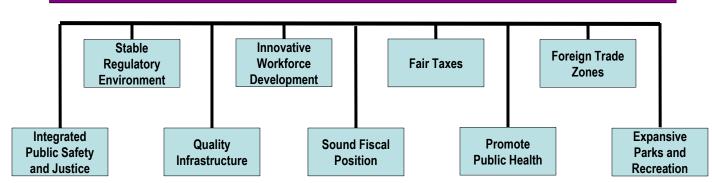
Economic Development

Direct Economic Development

Funding for Economic Partners

Greater Phoenix Economic Council
Bid Source / Greater Phoenix
Chamber of Commerce
Greater Phoenix Convention &
Visitors Bureau

Supporting Economic Development



Recent Economic Development Results Examples Include:

Apple
International Genomics Consortium
Silicon Valley Bank
Maxwell
Subzero



Economic Development

Greater Phoenix Economic Council

\$573,675

- Regional Marketing and Promotion
- Industry Prospecting
- Promote Economic Development Cooperation
- Greater Phoenix Convention and Visitors Bureau
- \$222,431
- Attract Conventions, Conferences and Meetings
 - Marketing and Communication
 - Leisure Travel Promotion
 - Visitor Service Center
- Greater Phoenix Chamber of Commerce

\$146,805

- Bid Source Program
 - Workshops and Seminars
 - Bid Acquisition, Matching and Distribution
 - Bid Award Documentation



Department Budgets











Justice System



















Strategic Priority Safe Communities

Maricopa County will support safe communities and neighborhoods by providing access to a timely, integrated, and cost-effective smart justice system.

- By end of FY 2018, public safety is enhanced by reducing the number of adult probationers convicted of a new felony offense to 8% or lower.
- By end of FY 2018, the overall rate of juvenile recidivism is 20% or less.
- By end of FY 2017, 90% of Cradles to Crayons youth with petitions filed have permanency established within 365 days of the petition filing.
- PLACEHOLDER By end of FY 2018, there will be an x% decrease in the recidivism rate for particular populations to be determined by McJustice and the Re-Entry Council.



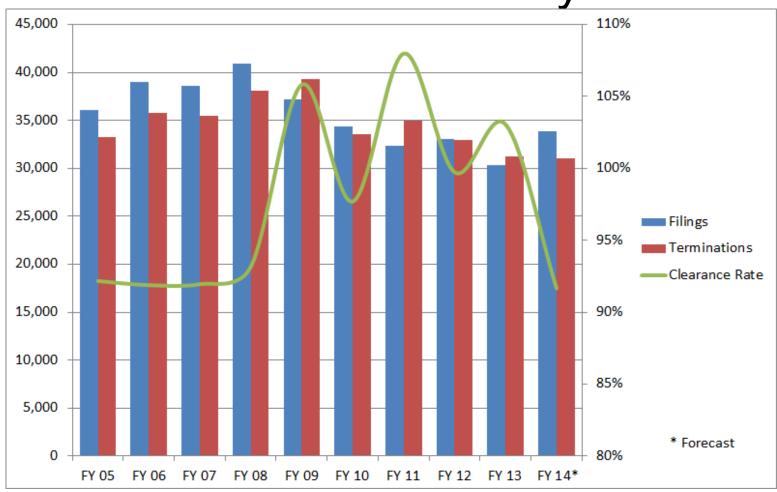
Superior Court

- Cradles to Crayons program moved to Operating budget after successful pilot
- FY 2015 General Fund budget increase totaling: \$2,504,688
- FY 2015 General Fund One Time Funding totaling \$4,281,731





Superior Court Total Case Volume by Year



Public Defense System

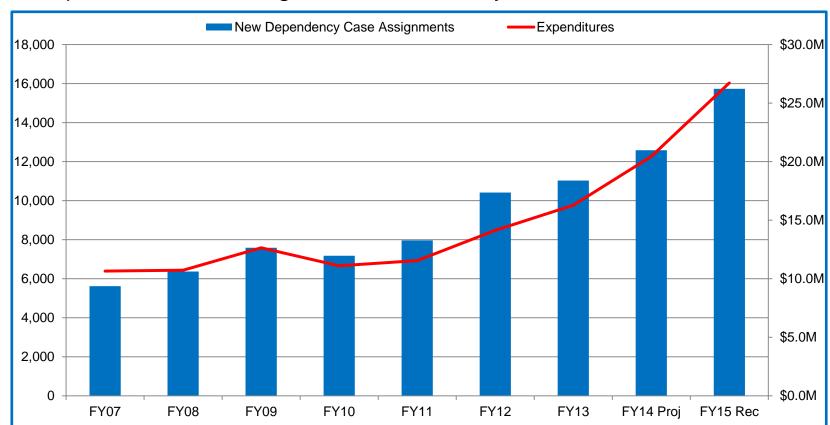
- FY 2015 General Fund Operating Budget of \$116,440,373
- Significant caseload growth in nearly all areas of representation
- Operating budget increase primarily comprised of:
 - Dependency Representation (\$5.8M)
 - Parental Dependency
 - Juvenile Guardian ad Litem
 - Child Dependency
 - Adult Criminal Representation (\$9.4M)
 - Capital Representation
 - Capital Post-Conviction Relief
 - Probation Representation





Dependency

- Since FY 2007, the number of new annual dependency filings has increased by 124% through FY 2014
- Expenditures are budgeted to increase by \$5,792,212 in FY 2015



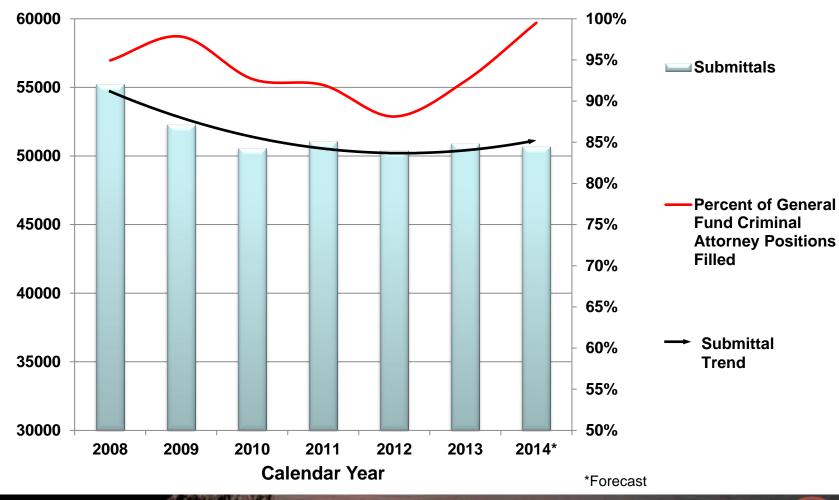


County Attorney

- Increased funding of \$5,481,677 for:
 - Reduce salary savings
 - Reallocate 37.5 positions from special revenue funds to General Fund
 - Various other administrative needs (Supplies, Services, Temp Pay, ASRS, Risk decrease)
 - Fund 13 new positions in General Fund



Criminal Caseload / Prosecutor Retention



Strategic Priority Government Operations

Maricopa County will deploy an effective and efficient infrastructure to implement streamlined policies and procedures to improve delivery of services and promote a healthy workplace and a fully engaged workforce.

- Maricopa County will improve turnaround times and response times through the use of electronic filings:
 - 28% increase in electronic filings through the Clerk of the Superior Court by the end of FY 2018.



Clerk of Superior Court

- FY 2015 General Fund Operating Budget of \$31,272,163
- Shifting of Funding Sources
 - Special Revenue Fund revenue is budgeted to decline \$1.1M in FY 2015
 - General Fund operating increase of \$688K primarily comprised of:
 - Fill The Gap Fund Allocation (\$385K)
 - 3.0 FTE Juvenile Dependency Clerks (\$138K)
 - Pre-2002 Scanning Project
 - Contracted funding expended in FY 2014
 - Remainder to be completed in-house







Justice Courts

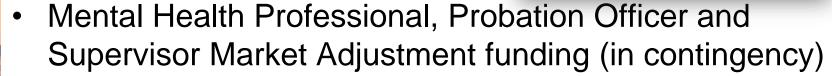
- General Fund budget increase of \$687,537
 - Increased funding for Pro Tem Coverage
 - Reduced salary savings
 - Increased Overtime and Overtime Benefits





Adult Probation

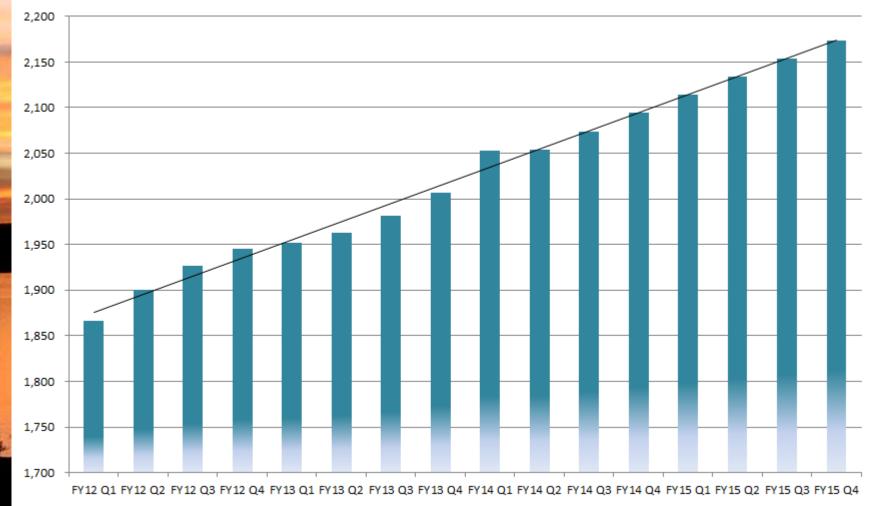
- Case volumes growing in most areas
- \$2.6 million in operating added to cover new staff in:
 - Sex Offender (3)
 - Domestic Violence (3)
 - Standard Probation (3)
 - Presentence (3)
 - Pretrial Supervision (5)
 - Intensive Probation (7)







Adult Probation Average Sex Offender Population



Juvenile Probation

- General and Detention funds increased \$1.3 million collectively
 - General Fund added 3 positions to meet the needs of youth in Juvenile Detention/Probation System and the Child Protective Services System
 - Detention Fund was increased to allow for increased hiring
- Mental Health Professional, Probation Officer and Supervisor Market Adjustment funding (in contingency)



Sheriff's Office

- General Fund Operating decreased by 1.9% and Detention Fund Operating increased by 4.1% to refine the funding and implementation of the MGT staffing study completed in FY 2014.
- Additional funding was provided for General and Detention Fund Operating
 - Records Management Licensing Costs: \$82,000
 - Helicopter Maintenance: \$100,000
 - Jail Wagon Program: \$1,471,652
 - Medical Staffing Team: \$2,060,135





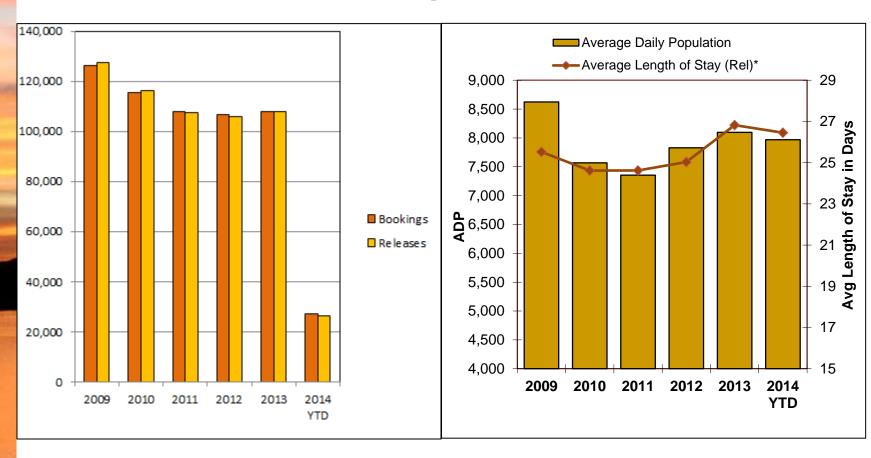
Sheriff's Office

- Additional funding was provided for General and Detention Non Recurring
 - Airplane: \$850,000
 - Helicopter: \$5,000,000
 - Camera Security System: \$247,978
 - Records Management System: \$676,000
 - Washing Machines: \$350,000
 - Jail Wagon Vehicles: \$140,000
 - Interactive Voice Response System: \$905,000
- Deputy and Sergeant Market Adjustment funding (in contingency)





Jail Population



As jail bookings surpass releases, the average length of stay and average daily population (ADP) increase.

Statistics are calendar year, with YTD through March



MCSO Judgment Order

- Implementation costs were \$7,687,376 in FY 2014.
- MCSO FY 2015 General Fund budget includes \$8,330,731 for operating costs, and \$4,200,000 for non recurring costs for the purchase of vehicle mounted cameras.
- Non Departmental budget includes \$2,725,000 in operating costs for the Court Appointed Monitor and related charges.



Strategic Priority Regional Services

Maricopa County will provide best-in-class regional services, both mandated and of concern to citizens, while coordinating with municipalities, other local jurisdictions, and community-based entities to consolidate services and avoid duplication, when applicable.

- By end of CY 2018, 100% of all air quality monitors are in compliance with federal health standards.
- By end of FY 2018, 4-5 year olds in Head Start increase their school readiness by 60% (on average in the year of their participation in Head Start--based on the State's assessment tool).

Health Care Programs









CLEAN AIR MAKE MORE

MARICOPA COUNTY'S INITIATIVE TO PROMOTE CLEANER AIR AND HEALTHIER LIVES







Health Care Programs

- \$2.3M increase in Arnold v Sarn mental health contribution
- \$522K increase in base ALTCS contribution
- \$297K reduction in AHCCCS contribution
- \$840K decrease in the cost share for mandated payment to Arizona State Hospitals for Sexually Violent Persons





Correctional Health Services

- Healthcare Market Study was completed in FY 2014.
- Electronic Medical Records System was implemented in FY 2014. EHR to be fully implemented by FY 2016.
 - Software Licensing costs: \$787,995
- Mental Health Professional Market Adjustments (in contingency)

Medical Examiner

- Community Liaison position \$64,086
 - Single point of contact with the Office of the Medical Examiner
 - Communication with families





Public Health

 \$276K of additional funding in reserved contingency for:

- Mental Health Professional

- Behavioral Health
- Senior Epidemiologist
 - Large Event Coordination
- Quality Assurance
 - Accreditation
- Mental Health Professional and Epidemiologist Market funding (in contingency)





General Government



Strategic Priority Government Operations

Maricopa County will deploy an effective and efficient infrastructure to implement streamlined policies and procedures to improve delivery of services and promote a healthy workplace and a fully engaged workforce.

- By end of FY 2018, 80% or more of County residents indicate trust in County government.
- Maricopa County will improve turnaround times and response times through the use of electronic filings:
 - a) 7.5% increase in electronic recordings through the Recorder's Office by the end of FY 2018.
 - b) By the end of 2018, the Treasurer's Office will increase the number of parcels enrolled to receive paperless statements to 10%, a percentage that will be reviewed following a study to be completed by the end of FY 2016.



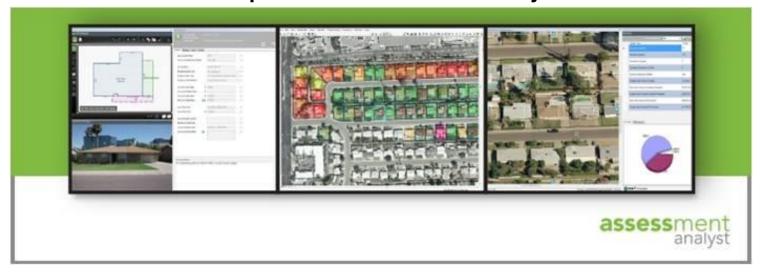
Education Service Agency

- General Fund Operating Budget increased \$189,915 for 6 financial and IT positions supporting mandated services previously funded in special revenue funds
- Mandate Study
- Juvenile Transition Program (MCESA)
 - Final Year of Pilot Program
 - \$1.1 million



Assessor

- FY 2015 General Fund Operating Budget of \$23,342,875
- \$635K Non Recurring Non Project
 - ESRI Desktop Review Pilot Project



Recorder

950.000

FY 2010

FY 2015 General Fund Operating Budget of

\$2,131,652

General Fund

\$700K Revenue decrease

- Recorders Surcharge Fund
 - \$560K Revenue decrease
 - \$2.1M IT upgrades



* Forecast ** Tentative Budget

FY 2012



FY 2013

Elections

- FY 2015 General Fund:
 - Operating Budget of \$8,884,448
 - Elections Cycle Budget of \$12,081,146





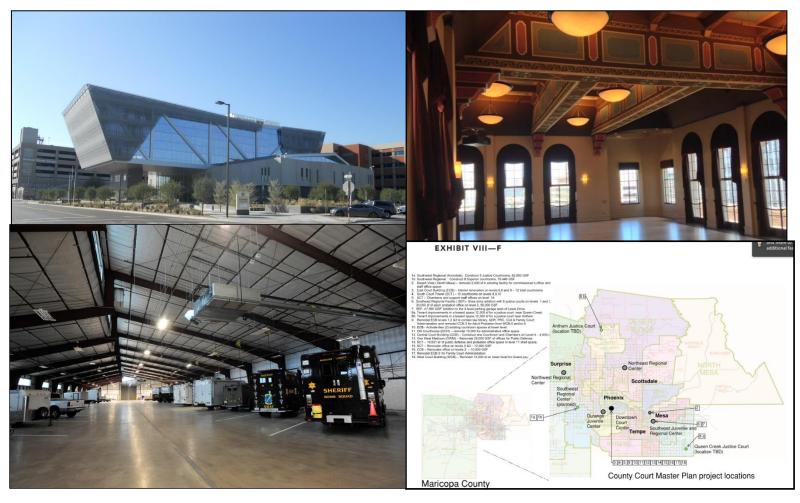
Treasurer

- FY 2015 General Fund Operating Budget of \$4,901,783
 - \$117K increase for System Administrative Manager
- Over \$10 Billion in receipts/disbursements
- Over \$14 Million Earned by Portfolio Investments
- Over \$2.4 Million in Elderly Asst. Fund Distributed





Capital Improvements



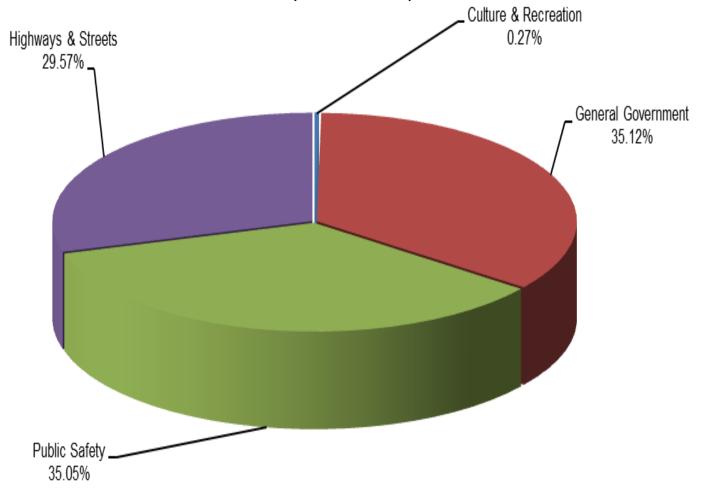
Strategic Priority Regional Services

Maricopa County will provide best-in-class regional services, both mandated and of concern to citizens, while coordinating with municipalities, other local jurisdictions, and community-based entities to consolidate services and avoid duplication, when applicable.

 By end of FY 2018, 85% or more of citizens indicating satisfaction with the amount of and access to open space, parks and recreation land in Maricopa County.



FY 2015 Use of Capital Funds \$279,304,675





Employee Issues





Strategic Priority Government Operations

Maricopa County will deploy an effective and efficient infrastructure to implement streamlined policies and procedures to improve delivery of services and promote a healthy workplace and a fully engaged workforce.

 PLACEHOLDER - By end of FY 2018, Maricopa County's Employee Engagement Score (a widely used measure indicating the strength of the workforce) increases x% from the baseline established in FY 2015.

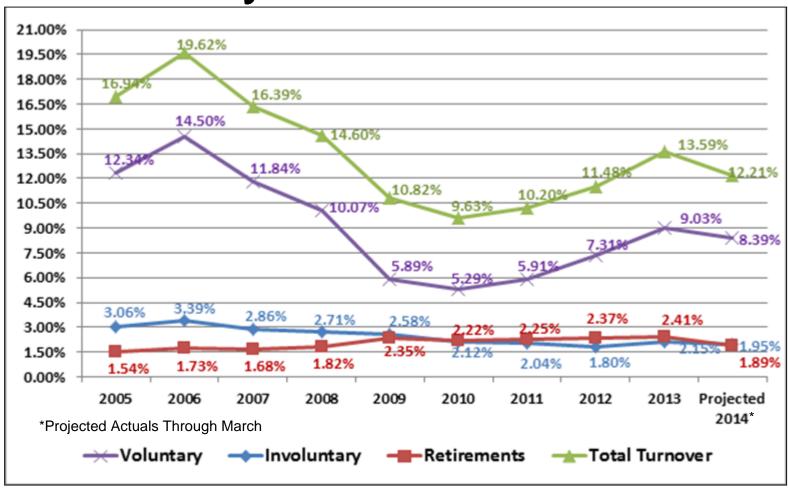


Compensation

- Includes funding for Pay for Performance at 2.5%
- Limited market-based increases
- Continuation of Education Assistance Program
- Employee Benefits maintained without significant cost increase for employees



Voluntary Turnover By Fiscal Year





Risks and Threats

- Prop 117
- Slow economic recovery
- Public safety volume increases
- New facilities / Court and Jail Master Plans
- Unincorporated area development
- Attracting and retaining qualified and engaged workforce
- Expenditure limitation



Opportunities

- Strategic Plan identifies priorities and sets the course for future.
- A collaborative approach to criminal justice issues will improve efficiencies, reducing future costs.
- Smart investment in capital and technology infrastructure should result in cost-effective, improved processes.



Conclusion

- A collaborative approach to strategic planning and budgeting resulted in a shared vision for the future of Maricopa County.
- Continue to be fiscally prudent, responsible stewards, by adding to our reserves and responsibly funding our mandates, primarily criminal justice (51.19%).
- Cautious optimism will direct our budgetary approach as we enter FY 2015.

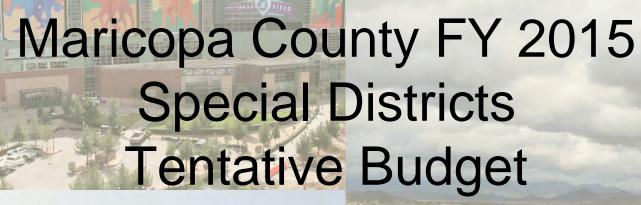


Budget Calendar – Remaining Dates

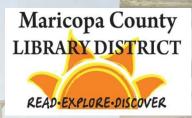
May 19	Tentative Budget Adoption
May 30	ATRA Presentation
June 23	Final Budget Adoption
August 18	Property Tax Levy Adoption













May 19, 2014
Sandi Wilson, Deputy County Manager
Brian Hushek, Deputy Budget Director



Flood Control District Highlights

- Overall expenditures of \$72,495,393
- Levy increased by \$3,817,347
- FY 2015 CIP flat at \$40.0 Million
- Five-year CIP projected to be \$190.4 Million





Library District Highlights

- Overall expenditures of \$25,226,495
- Levy increased by \$5,387,979
- Reciprocal borrowing and materials assistance programs are funded through operating revenues
- All county libraries now operate on the Deweyless

system





Stadium District Highlights

- Overall expenditures of \$8,689,186
 - Includes \$2 Million for concrete repairs
- Car Rental Surcharge decreasing slightly (-2.4%)
 - Payment of nearly \$1.2 million to Arizona Sports and Tourism Authority in FY 2014 pursuant to intergovernmental agreement

